

MEMORANDUM



Connecting all points of the Triangle

April 29, 2019

To: Durham County, Orange County, DCHC MPO
From: GoTriangle Finance
Subject: Durham-Orange Light Rail Transit Project – Cost Summary

1. Background

Following the votes of the GoTriangle Board of Trustees on March 27 and the Orange County Board of Commissioners on April 2, the Durham County Board of Commissioners voted April 8 to discontinue Durham and Orange counties' light-rail project, effectively ending the project. This memo describes life-to-date expenditures on the light-rail project, and itemizes remaining close-out costs anticipated in the remainder of FY19 and FY20. This memo also describes program administration costs that had been borne by the light-rail project that are proposed to continue to support the remainder of the Durham-Orange transit program.

Note that this memo does not include projections for costs of planning and potential additional ongoing administrative costs associated with the required updates of the Durham and Orange county transit plans.

1.1 Cost Summary

Total project costs are summarized in Table 1. This includes actual costs from the date the project was admitted to New Starts Project Development (February 28, 2014) to date, and estimated closeout costs and costs proposed to continue for the remainder of FY19 and FY20.

Table 1: Cost Summary

	Prior Year Costs (FY14-FY18)	FY19 YTD*	FY19 Projected Year End	FY20	Total
Staff / Department Costs	\$13,272,025	\$4,141,947	\$5,614,764	\$1,200,000	\$20,086,789
Consultants / Capital Expenditure	\$83,157,203	\$29,601,219	\$51,573,248	\$3,723,706	\$138,454,158
Total	\$96,429,229	\$33,743,166	\$57,188,012	\$4,923,706	\$158,540,947

* Paid out as of March 31, 2019

Note that the FY19 year-to-date (YTD) figures are actual costs as of March 31, 2019 that have been paid out per GoTriangle's financial system. The FY19 Projected Year End figures include these costs, plus estimated accruals for unbilled expenses through March 31, 2019 and project close-out costs from April to June 2019.

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1.2 Project Cost Description

Work to advance the implementation of the light rail project ceased at the end of March 2019. Closeout activities for most contracts will be complete by June 30. Closeout for the Program Management Consultant is anticipated by October 31.

Costs incurred from inception through March 2019 included project development, surveys and testing, engineering, program management, permits and review fees, and purchase and management of real estate for the rail operations and maintenance facility. The majority of the expenditures were for contracted consulting services. Most contracts are now in formal closeout, with remaining activities limited to processing final invoices and related closeout efforts. Additional continuing expenditures include those related to real estate acquisition and program administration. Project wind-down costs are itemized in Table 2, and described in more detail in the following sections.

Table 2: Estimated Light-Rail Project Wind-Down Costs

Name	Estimated FY19 Wind-Down Costs (April through June 2019)	FY20
Light-Rail Project - Program Management and Design		
General Engineering Consultant	\$1,000,000	-
Program Management Consultant	\$306,593	\$67,529
Specialty Golf Course Designer	-	-
Construction Management Consultant	\$30,000	-
Fundraising Consultant	-	-
Final Design Review Reimbursements	-	-
Light-Rail Project - Program Management and Design Total	\$1,336,593	\$67,529
Light-Rail Project - Real Estate		
Legal Expenses (Litigations)	\$100,000	\$200,000
Properties – Settlement / Court Decision	\$91,575	\$1,500,000
Properties – Relocation	-	\$250,000
Properties – Demolition	\$39,450	\$225,000
Property Maintenance	\$12,250	\$66,230
Light-Rail Project - Real Estate Total	\$243,275	\$2,241,230
Durham-Orange Administration		
Staff/Department Costs ¹	\$1,381,941	\$1,200,000
E-Builder Project Management Software	\$15,844	\$50,844
Durham-Orange Allocation of ERP ²	\$100,000	\$1,000,000
Durham Office ³	\$111,961	\$363,503
Storage Unit	\$600	\$600
Durham-Orange Administration Total	\$1,610,346	\$2,614,947

Notes:

1. FY20 placeholder, one quarter of current salary/department costs
2. FY20 placeholder, 35% Durham-Orange allocation of GoTriangle Board ERP implementation commitment
3. FY20 placeholder, most conservative (highest) cost option w/ 10% contingency

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1.2.1 Remaining Program Management and Design Costs

There are two project-specific design and program management contracts with substantive additional remaining scope:

General Engineering Consultant (GEC) – Currently engaged in gathering, annotating, and cataloging in-progress work product, field data files, and design records onto hard drives for formal turnover. GoTriangle anticipates completing review and acceptance of the hard drives no later than May 15, 2019. These costs will be incurred in FY19; GoTriangle does not anticipate costs for the GEC in FY20.

Program Management Consultant (PMC) – Remaining scope includes:

- Facilitating Lessons Learned documentation process
- Implementing e-Builder project management software for the GoTriangle capital program
- Providing limited property management and support services for the properties at the Farrington Road rail operations and maintenance facility site

The majority of these costs will be incurred in FY19; GoTriangle anticipates approximately \$70,000 in costs for the remainder of these efforts in early FY20.

Note that although the contract for the fundraising consultant engaged to manage the non-profit philanthropic campaign for GoTransit Partners will be terminated, GoTransit Partners' status as a 501(c)(3) remains, and continued purpose is under review to determine an ability to support future regional priorities. No future costs to the Durham and Orange funds are anticipated at this time.

1.2.2 Remaining Project-Specific Real Estate Costs

In order to acquire the 23-acre site for the Rail Operations and Maintenance Facility, GoTriangle has spent to date a total of \$3.7M, including compensation to property owners (i.e., settlement amounts and deposits of just compensation) and invoiced litigation expenses (i.e., outside counsel and expert fees). Five cases remain in active litigation, which means that GoTriangle will likely continue to incur litigation expenses until these cases are either settled by the parties or tried to a verdict in court. Whether these cases are settled by the parties or tried to a verdict, GoTriangle may also be liable for additional compensation payable to the former property owners; these additional amounts of landowner compensation and litigation expenses are not known at this time and cannot be predicted with certainty.

1.2.3 Durham-Orange Administration Costs

Costs in this section have been borne by the light-rail project and are proposed to continue to support the remainder of the Durham-Orange transit program.

Light-Rail Project Staff / Department – GoTriangle is in the process of organizational restructure to determine appropriate levels of staffing and resources. Until further details are available, conservative estimates through the current fiscal year-end are forecast based on historical monthly averages for April through June. One-quarter of costs of included as a placeholder for FY20.

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E-Builder Project Management Information System – GoTriangle is in the process of implementing E-Builder Project Management Information System (PMIS) software. The initial annual license (through January 2020) and approximately half of the one-time up-front implementation costs have already been paid. GoTriangle is continuing the implementation of the E-Builder software, which is the PMIS component of the agency's Enterprise Resource Planning implementation project, to support the agency's regional capital program. Remaining costs for implementation include one additional up-front payment to E-Builder and implementation services to be provided by GoTriangle's Program Management Consultant (PMC) for the light-rail project. The cost of the ongoing annual license is proposed to be split between Durham, Orange, and Wake.

Durham-Orange Allocation of Enterprise Resource Planning (ERP) Software – GoTriangle's Board of Trustees has committed to implementation of an ERP system to upgrade the agency's financial management capacity. The Durham and Orange shares of these costs (an allocation of 35% of costs) have been borne by the light-rail project budget. These costs are proposed to be transitioned to the Durham and Orange plans.

Durham Office – The office is on a five-year lease with a one-time termination clause. There are costs associated with exiting the lease early. Options are being considered whether to terminate or sub-lease the project office for the remaining lease term. Estimated expenditures in FY20 or beyond is dependent on options determined by the GoTriangle Board of Trustees.

Storage Unit – GoTriangle currently maintains a storage unit with geotechnical samples from the light-rail project. Continuation of the storage lease is under consideration.



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1.3 Fund Balance:

The March 31, 2019 Durham and Orange county plan cash and investment balances In accordance with GoTriangle investment policies are shown in Table 3.

Table 3: Durham and Orange Fund Balances

Cash and Investments By Fund	03/31/2019 Mkt Balance
Durham County Plan Balance	
Cash	\$3,205,897
Short-Term (NCCMT)	\$18,056,928
Long-Term (Suntrust)	\$21,698,358
Total Durham Plan Balance	\$42,961,183
Orange County Plan Balance	
Cash	\$5,384,705
Short-Term (NCCMT)	\$37,091
Long-Term (Suntrust)	-
Total Orange Plan Balance	\$5,421,796

